

Message Text

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ACTION EB-08

INFO OCT-01 EA-10 IO-13 ISO-00 AGRE-00 CEA-01 CIAE-00

COME-00 DODE-00 FRB-03 H-01 INR-10 INT-05 L-03

LAB-04 NSAE-00 NSC-05 PA-01 CTME-00 AID-05 SS-15

STR-07 ITC-01 TRSE-00 ICA-11 SP-02 SOE-02 OMB-01

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FM AMEMBASSY TAIPEI

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GENEVA FOR MTN DEL

E.O. 11652: N/A

TAGS: ETRD, EFIN, TW

SUBJECT: U.S. REQUESTS TO ROC IN TRADE NEGOTIATIONS

REF: (A) TAIPEI 4527, (B) STATE 155081, (C) STATE 135373

1. REFTEL (B) REQUESTED EMBASSY PROVIDE BACKGROUND INFORMATION AND ASSESSMENT OF COMPLAINTS MADE BY AMERICAN INTERNATIONAL GROUP RE INABILITY TO OBTAIN GENERAL INSURANCE LICENSE AND BERNZOMATIC INTERNATIONAL RE PROHIBITION OF CERTAIN PHRASEOLOGY FOR TELEVISION ADVERTISING IN TAIWAN.

2. REFTEL (A) REPORTED EMBASSY FINDINGS ON THE INSURANCE QUESTION. U.S. INSURANCE FIRMS NOW DOING BUSINESS IN TAIWAN THAT HAVE BEEN INTERVIEWED BY THE EMBASSY ARE MOST INTERESTED IN WRITING CASUALTY INSURANCE FOR THE DUTY-FREE COMMUNITY, FOREIGN RESIDENTS AND, PROBABLY OF MOST IMPORTANCE, SUBSIDIARIES AND JOINT VENTURES OF U.S. AND OTHER

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FOREIGN COMPANIES. APPARENTLY THE GROC IS NOW PREPARED TO ACCEDE TO THE U.S. INSURANCE COMPANIES' LONG-STANDING REQUEST FOR THE RIGHT TO ISSUE INSURANCE TO THE DUTY-FREE COMMUNITY. EMBASSY'S ASSESSMENT IS THAT IF THE U.S. TRADE NEGOTIATORS WERE TO REQUEST THE GENERAL RIGHT FOR U.S. AND, PRESUMABLY, THIRD NATIONAL INSURANCE COMPANIES TO ISSUE CASUALTY INSURANCE IN TAIWAN, WE RUN THE RISK OF UPSETTING

THE APPLECARD FOR THOSE U.S. FIRMS NOW DOING WELL IN THE REINSURANCE BUSINESS IN TAIWAN AND HAVE LITTLE LIKELIHOOD OF OBTAINING ANY CONCESSION FROM THE ROC UNLESS WE SUBSEQUENTLY WERE TO MODERATE OUR DEMANDS.

3. EMBASSY ASSESSMENT IS THAT BERNZOMATIC CASE IS SUI GENERIS AND NOT WORTHY OF BEING ON AGENDA IN U.S.-ROC TRADE NEGOTIATIONS. AS INDICATED IN MAERKLE'S JUNE 20 LETTER TO LUNDY, THIS WILL BE ROUTINELY DISCUSSED WITH VICE MINISTER OF ECONOMIC AFFAIRS, Y. T. WONG. THIS CASE WAS ALSO TAKEN UP BY AMERICAN CHAMBER OF COMMERCE'S NEWLY CONSTITUTED ECONOMIC AND TRADE AFFAIRS COMMITTEE, WHICH INCLUDES USTC DIRECTOR AND COMMERCIAL ATTACHE. THE COMMITTEE DECIDED TO RAISE THIS CASE WITH THE GOVERNMENT ONLY IN THE BUY-MORE-IN-AMERICA CONTEXT, AND CONSENSUS WAS THAT BERNZOMATIC HAD BEEN IMPRUDENT TO FILM THE TV AD WITH THE OFFENDING PHRASE, "ORIGINAL BERNZOMATIC USA IMPORTED PRODUCTS," BEFORE CLEARING WITH ROC'S GOVERNMENT INFORMATION OFFICE AND THAT U.S. FIRMS ARE INGENIOUS ENOUGH TO GET AROUND THE GIO'S RESTRICTIONS.

4. EMBASSY IS UNCLEAR AS TO HOW WASHINGTON WILL PROCEED ON NTM'S, BUT HOPES THAT IT WILL BE POSSIBLE TO CONSIDER THEM IN THEIR ENTIRETY IN A CONCERTED MANNER RATHER THAN CONSIDERING THEM PIECEMEAL. UNGER

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